

Shannon Hamm
USDA
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Dear Shannon Hamm:

We are cow calf producers from Belvidere S.D. We are writing to you about our comments relating to issues concerning captive supplies, formula cattle and forward contracting of cattle by the Big 4 Meat Packers of The United States. We have noticed that when the Big 4 Packers (IBP, Conagra, Excell + Farmland Industries) use these tools to purchase cattle they drive the live market or cash market of ~~cattle~~ Fat Cattle down to unprofitable levels that an independent cattle feeder receives for his cattle. We believe that these practices are very detrimental to independent cattle feeders and cow calf producers. We strongly recommend that these large packers be prohibited from owning any cattle for more than 14 days prior to slaughter. This would stop the packers from manipulating the cattle markets to their advantage and let true supply and demand work like it is suppose to. over,

as for formula cattle the big 4 packers base the price they pay for these formula cattle off of the cash market which they (the packers) have artificially driven down with the use of owning large numbers of cattle called captive supply, thereby cheating everyone who owns fat cattle. There is no competition for fat cattle that are owned by small independent cattle feeders who sell on the open cash market.

Forward contracting of feeder cattle by the Big 4 packers is also very dangerous to the cattle industry because it affects the cash market the same way. These packers forward contract just enough cattle so they don't have to go to the cash market and compete for cattle until they have driven the price down to unprofitable levels for the independent cattle feeders thus eliminating the competition. In effect forward contracting of cattle is a tool used by the Big 4 packers to purchase cattle to create captive supply.

The Big 4 Packers use these tools (formula cattle, captive supply and forward contracting) to hold the ~~markets~~ cash markets for Fat cattle, feeder cattle and calves to break even or below cost of production which is very detrimental to independent cattle feeders and cow calf producers. We need a healthy competition for a viable profit to stay in business. after all fair is fair. These large packers are enjoying record profits and the rest of us are going broke or are out of business. Thank you for faking our comments. Kenny + Kopic Jof